

**REMARKS**

**1. Status of Claims**

Claims 11 – 21 are currently pending in the application. All of these claims stand rejected pursuant to a Final Office Action mailed July 5, 2005 (hereinafter “the Office Action”).

The rejections of each of Claims 11 – 21 are believed to be improper.

**2. Summary of Claimed Subject Matter**

Embodiments of the invention relate to methods for transferring funds using the Internet. These embodiments find utility, among other applications, in the context of auctions for the sale of products over the Internet (Application, p. 1, ll. 6 – 13). A prior-art problem with consummating such transactions in the prior art was effecting payment by the buyer to the seller for the item purchased during the auction as part of the transaction (*id.*, p. 2, ll. 6 – 14).

Embodiments of the invention thus provide a mechanism for transferring funds. While the Internet-auction context is useful in describing certain aspects of the invention, there are other contexts in which such funds transfers using the Internet may be used.

**a. Independent Claim 11**

Independent Claim 11 recites a method for transferring funds that uses a computational system interfaced with the Internet, the computational system including a computer processor, a database, and a server for connection with the Internet (*id.*, Fig. 2; p. 3, ll. 24 – 26). A stored-value account is established for a user, with the account identifying an electronic funds level previously credited to the account (*id.*, p. 6, ll. 5 – 8). Payment for a transaction may then be effected by a sender to a recipient when the system receives a request

from the user over the Internet to transfer at least some of the funds in the stored value account to the recipient (*id.*, Fig. 3, 210; p. 6, ll. 13 – 16). This request is received in response to and substantially contemporaneous with consummation of the transaction between the sender and the recipient (*id.*, p. 5, ll. 13 – 26). The requested funds are accordingly sent to the recipient (*id.*, p. 6, ll. 19 – 26) and the stored-value account debited (*id.*, p. 6, ll. 8 – 12).

For example, in the context of an Internet-auction, a transaction for the sale of an item from the recipient to the sender may be consummated when the auction is won by the sender. The system coordinates a transfer of funds from the sender's stored value account to the recipient substantially contemporaneously with that consummation.

#### b. Independent Claim 15

While independent Claim 11 focuses on the transfer of funds from a stored value account that has previously been funded, independent Claim 15 additionally includes aspects related to the funding of the account. Like Claim 11, Claim 15 recites that a computational system is provided (*id.*, Fig. 2; p. 3, ll. 24 – 26) and that a stored-value account is established for a user (*id.*, p. 6, ll. 5 – 8). The claim specifically recites receipt of a request from the user to increase the funds level in the account, including information on a payment instrument to be used to increase the funds level (*id.*, p. 6, ll. 6 – 8). An example of a payment instrument that may be used as a source of funds is a credit card, by sending an authorization request to change the payment instrument and receiving a responsive authorization to do so (*id.*, p. 4, ll. 11 – 16). The funds transfer is then effected by receiving a request from the user to transfer the funds to a recipient (*id.*, Fig. 3, 210; p. 6, ll. 13 – 16) and then providing the requested funds to the recipient (*id.*, p. 6, ll. 19 – 26).

### 3. Grounds of Rejection

a. Whether Claims 11, 13, and 14 are unpatentable under 35 U.S.C. §103(a) over U.S. Pat. No. 5,825,003 (“Jennings”) in view of Datek.com (“Datek”).

b. Whether Claim 12 is unpatentable under 35 U.S.C. §103(a) as unpatentable over Jennings and Datek, and further in view of U.S. Pat. No. 6,070,798 (“Nethery”).

c. Whether Claims 15 and 17 – 21 are unpatentable under 35 U.S.C. §103(a) over Jennings in view of U.S. Pat. No. 5,903,881 (“Schrader”).

d. Whether Claim 16 is unpatentable under 35 U.S.C. §103(a) over Jennings in view of Schrader, and further in view of Nethery.

#### 4. Argument

a. Whether Claims 11, 13, and 14 are unpatentable over Jennings in view of Datek

For a rejection to be maintained under 35 U.S.C. §103(a), the Examiner is charged with factually supporting a *prima facie* case of obviousness. MPEP 2142. Such a *prima facie* case requires, *inter alia*, that all limitations of the claims be taught or suggested by the cited references. In this instance, at least the limitation of Claim 11 requiring “the request [to transfer at least some of the funds in the stored value account to a recipient to be] received in response to and substantially contemporaneous with consummation of a transaction between the sender and recipient” is not taught or suggested by the cited art.

The Office Action now relies on Jennings as disclosing this limitation (Office Action, p. 3), evidently recanting the previous acknowledgment by the Examiner that “Jennings does not explicitly disclose ... the request being received in response to and substantially contemporaneous with consummation of a transaction between the sender and recipient” (Office

Action mailed November 18, 2004, p. 3). To support the assertion that this limitation is disclosed, the Office Action cites five different passages from Jennings. Each of these passages has been carefully studied and it is respectfully believed that none of them actually teaches or suggests the claim limitation.

Jennings is directed generally to a system that permits funds transfers to be executed over an automated-teller-machine (“ATM”) network, although there is some disclosure that the transfer functionality might be accessed by a telephone or by a personal computer in addition to being accessible from an ATM (Jennings, Col. 3, ll. 51 – 60). The process is described as a general funds-transfer method, and unlike Claim 11 is not coupled with consummation of a transaction between a sender and a recipient. It appears that the Office Action may be equating the fact that Jennings performs the funds transfer “instantly” as corresponding to performing the transfer substantially contemporaneously with consummation of a transaction. But such a position is untenable since instantaneous transfers may be made complete outside the context of consummation of any transaction, and indeed the examples provided in Jennings are uniformly outside such a context.

First, the Office Action cites the abstract of Jennings:

A system and method for allowing funds to be transferred instantly to an account so that the funds are available to the beneficiary at the time they are sent, based on customer information which can be automatically accessed by the system, rather than needing to be manually entered. Further, the system automatically computes the appropriate exchange rate and any fees to be charged to the account and displays them to the user so that the user may authorize or cancel the transaction. The system also analyzes the parameters of the transfer to assure that the transfer conforms with pertinent government regulations. The system also enables the user to quantify the amount to be transferred in the currency of the originating account or the currency of the receiving account, thereby maximizing the flexibility of the system. The system further is designed so that it can be understood and accessed by individuals having no special expertise in computers, wire transfers and the like. Further, the system is provided with various safeguards to assure that only authorized individuals have access to the accounts and the funds and immediately verifies successful completion or failure to the customer.

While this teaches that the funds may be “transferred instantly to an account so that the funds are available to the beneficiary at the time they are sent,” there is nothing in this portion of Jennings

that describes a transaction between the sender and recipient, consummation of which is substantially contemporaneous with the funds transfer.

Second, the Office Action cites Col. 1, l. 45 – Col. 2, l. 62 of Jennings. This passage is lengthy, but merely describes the general need for an ability to transfer funds effectively and provides an overview of the ATM-network technique that is the focus of Jennings. Nothing in the description makes any reference to a transaction that is consummated substantially contemporaneously with the transfer.

Third, the Office Action cites Col. 3, l. 50 – Col. 4, l. 13 of Jennings. This passage provides a description of Fig. 1 of Jennings, which shows the structure of the system used to effect funds transfers. It lacks any teaching or suggestion of a transaction that is consummated substantially contemporaneously with the transfer.

Fourth, the Office Action cites Col. 5, l. 42 – Col. 5, l. 55 – Col. 6, l. 40 of Jennings. It is unclear whether the Office Action intends to cite the entirety of Col. 5, l. 42 – Col. 6, l. 40 or to cite only portions of that section, but in any event the description of the entire passage is related to mechanics of effecting the transfer. In describing these mechanics, no mention is made of any transaction that is consummated substantially contemporaneously with the transfer.

Fifth, the Office Action cites Col. 27, l. 48 – Col. 28, l. 22 of Jennings. This corresponds to Claim 11 of Jennings, which recites a system for performing money transfers. While it recites a number of structural elements and data that are used to effect the transfer, none of these elements involves a transaction between the sender and recipient that is consummated substantially contemporaneously with the transfer.

It is thus apparent that none of the cited passages of Jennings teaches or suggests the claim limitation. While the Office Action does not rely on Datek for this limitation, it is noted that its omission from Jennings is not remedied by the additional citation of Datek, which describes an Internet-based brokerage system that permits transfers.

Each of Claims 13 and 14 depends from Claim 11, and are believed to be patentable by virtue of their dependence from a patentable claim.

b. Whether Claim 12 is unpatentable over Jennings in view of Datek, and further in view of Nethery

Claim 12 depends from Claim 11 and is believed to be patentable by virtue of its dependence from a patentable claim.

c. Whether Claims 15 and 17 – 21 are unpatentable over Jennings in view of Schrader

The Office Action relies on Jennings as disclosing all element of independent Claim 15, except for the inclusion of a server computer (Office Action, pp. 5 – 6). Applicants respectfully disagree that those limitations related to a payment instrument are disclosed in Jennings. Jennings is not at all directed to the use of a payment instrument for supporting a funds transfer over the Internet, but is instead directed merely to transfers of funds among accounts, which are clearly distinct from payment instruments.

The failure of Jennings to disclose this limitation is plainly evident from the passages cited as support for the limitation of “increasing the electronic funds level of the stored value account in accordance with the authorization [received to charge the payment instrument].”<sup>9</sup> First, the Office Action cites Col. 2, ll. 60 – 62 of Jennings:

Further, the system is provided with various safeguards to assure that only authorized individuals have access to the accounts and the funds.

The provision of access safeguards in the system is manifestly unrelated to increasing an electronic funds level of a stored value account in accordance with an authorization received to charge the payment instrument.

The Office Action also cites Col. 4, ll. 5 – 6 for this limitation:

Once processed through the local clearing system 36, the external transfer funds are deposited into the final destination external banking system 38.

This disclosure is merely related to mechanics of the transfer, noting that funds pass through a clearing system and are then deposited with the desired destination. The disclosure is again manifestly unrelated to increasing an electronic funds level of a stored value account in accordance with an authorization received to change the payment instrument.

It appears that the only discussion of a payment instrument in Jennings is the following, which describes how one account that may be accessed for funds transfers is a credit-card account:

Assuming that a correct PIN has been entered, at Step 204 the system verifies that the accounts linked to the customer's card are available for performance of a transfer in accordance with the invention. For example, the system consults a look-up table stored in memory which indicates the various types of accounts which are permitted for such transfer functions. Approved accounts might include a checking account, a related credit card account or other accounts provided by the customer's financial institution. If the customer does not have an account linked to the customer's card that is available for a transfer function, a screen is displayed at Step 206 which states that a transfer cannot be made with the customer's card, and the customer is given an option of performing other transactions at Step 208. Assuming that a correct PIN has been entered, at Step 204 the system verifies that the accounts linked to the customer's card are available for performance of a transfer in accordance with the invention. For example, the system consults a look-up table stored in memory which indicates the various types of accounts which are permitted for such transfer functions. Approved accounts might include a checking account, a related credit card account or other accounts provided by the customer's financial institution. If the customer does not have an account linked to the customer's card that is available for a transfer function, a screen is displayed at Step 206 which states that a transfer cannot be made with the customer's card, and the customer is given an option of performing other transactions at Step 208. (Jennings, Col. 9, ll. 4 – 16).

But while this suggests that funds may be transferred directly from a credit account using the system described in Jennings, it neither teaches nor suggests funding a stored value account with a payment instrument and using the funds in the stored value account to respond to a request to transfer funds.

It is thus apparent that Jennings fails to teach or suggest these limitations of Claim 15, which is accordingly believed to be patentable. Each of Claims 17 – 21 depends from Claim 15 and is believed to be patentable by virtue of its dependence from a patentable claim.

Appl. No. 10/045,313  
Amdt. dated September 1, 2005  
Amendment under 37 CFR 1.116 Expedited Procedure  
Examining Group 3628

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d. Whether Claim 16 is unpatentable over Jennings in view of Schrader, and  
further in view of Nethery


Claim 16 depends from Claim 15 and is believed to be patentable by virtue of its  
dependence from a patentable claim.

**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this  
Application are in condition for allowance and an action to that end is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of  
this application, please telephone the undersigned at 303-571-4000.

Respectfully submitted,

  
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